

**CONSOLIDATED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**Community Foundation of  
Northwest Indiana, Inc. and Subsidiaries  
Years Ended June 30, 2009 and 2008  
With Reports of Independent Auditors**

**Community Foundation of Northwest Indiana, Inc. and Subsidiaries**

**Consolidated Financial Statements  
and Other Financial Information**

**Years Ended June 30, 2009 and 2008**

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## Report of Independent Auditors

The Board of Directors  
Community Foundation of Northwest Indiana, Inc.

We have audited the accompanying consolidated balance sheets of Community Foundation of Northwest Indiana, Inc. and Subsidiaries (CFNI) as of June 30, 2009 and 2008, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of CFNI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CFNI's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFNI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Foundation of Northwest Indiana, Inc. and Subsidiaries at June 30, 2009 and 2008, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

*Ernest & Young LLP*

October 15, 2009

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Balance Sheet

June 30, 2009

	Munster Medical Research Foundation, Inc. — The Community Hospital Inc.	St. Mary Medical Center, Inc.
Combined	Eliminations	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 41,809,764	\$ 9,738,497
Patient accounts receivable, net	84,632,701	(1,267,634)
Due from affiliates	169,484	(9,056,122)
Estimated settlements due from third-party payors	6,539,199	—
Inventories	14,308,707	—
Prepaid expenses and other assets	9,401,140	—
Total current assets	<u>156,860,825</u>	<u>(10,303,756)</u>
	18,915,394	76,974,116
		36,539,138
		34,755,933
Assets limited as to use internally designated		
Assets limited as to use externally designated		
Land, buildings, equipment, and construction-in-progress, net		
Deferred costs		
Investment in affiliates		

**Community Foundation of Northwest Indiana Obligated Group**

**Details of Combined Balance Sheet (continued)**

	<b>Munster Medical Research Foundation, Inc. – The Community Foundation of Northwest Indiana, Inc.</b>	<b>St. Mary Medical Center, Inc.</b>		
	<b>Combined</b>	<b>Eliminations</b>	<b>Hospital</b>	<b>Hospital, Inc.</b>
<b>Liabilities and net assets:</b>				
Current liabilities:				
Accounts payable	\$ 22,543,499	\$ —	\$ 7,684,045	\$ 2,949,359
Accrued expenses	60,574,644	(1,267,634)	6,524,230	13,847,522
Contractors payable	1,153,470	—	1,153,470	—
Estimated settlements due to third-party payors	8,703,765	—	—	—
Due to affiliates	5,628,230	(9,036,122)	279,630	7,818,031
Current portion of capital leases	1,093,248	—	—	4,452,699
Current portion of long-term debt	4,366,639	—	640,462	160,110
Total current liabilities	104,063,495	(10,303,756)	20,008,034	53,813,903
Noncurrent liabilities:				
Deferred gain	247,830	—	—	129,821
Capital leases, less current portion	1,410,640	—	—	1,089,572
Long-term debt, less current portion	304,936,840	—	—	23,317
Due to Community Surgery Center LLC	838,676	—	—	—
Pension liability	41,692,807	—	848,676	—
Asset retirement obligation	821,709	—	—	41,692,807
Total noncurrent liabilities	349,938,502	—	304,936,840	513,321
Total liabilities	454,021,997	(10,303,756)	324,944,874	97,883,167
Net assets:				
Unrestricted	293,885,476	—	(4,691,594)	157,535,566
Temporarily restricted	1,019,256	—	341,113	317,143
Permanently restricted	102,346	—	—	102,346
	295,007,078	—	(4,350,481)	157,955,055
	\$ 749,029,075	\$ (10,303,756)	\$ 320,594,393	\$ 255,838,222
				40,973,799
				62,970,102
				\$ 119,930,114

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**Community Foundation of Northwest Indiana Obligated Group**

**Details of Combined Statement of Operations and Changes in Unrestricted Net Assets**

**Year Ended June 30, 2009**

	<b>Munster Medical Research Foundation, Inc. – The Community Hospital Inc.</b>	<b>St. Mary Medical Center, Inc.</b>
<b>Combined</b>	<b>Eliminations</b>	<b>St. Catherine Hospital, Inc.</b>
<b>Revenue</b>		
Net patient and resident service revenue	\$ 628,749,684	\$ 118,734,578
Capitation and resident program revenue	35,131,842	35,131,842
Other	21,840,138	—
<b>Total operating revenue</b>	<b>685,721,664</b>	<b>162,404,178</b>
<b>Expenses</b>		
Salaries	259,669,003	52,039,982
Employee benefits	60,714,645	12,434,520
Medical fees	5,024,020	635,015
Medical and other supplies	135,036,061	25,182,073
Outside services	55,549,771	37,485,596
Interest	13,109,471	21,189,207
Provision for uncollectible accounts	29,501,320	22,622,947
Depreciation and amortization	39,754,641	4,033,384
Other	54,795,127	2,115,846
Total expenses	653,154,059	8,859,225
<b>Operating income (loss)</b>	<b>32,567,605</b>	<b>8,298,180</b>
<b>Nonoperating</b>		
Investment income	8,277,978	4,497,157
Net change in unrealized gains/losses on investments	(4,385,271)	8,268,939
Total nonoperating	3,891,807	156,069,426
Revenue in excess of (less than) expenses	36,459,412	7,824,312

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Statement of Operations and Changes in Unrestricted Net Assets (continued)

	Combined	Eliminations	Munster Medical Research Foundation, Inc. - The Community Hospital Inc.	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.
Other changes in unrestricted net assets:					
Pension-related changes other than net periodic pension cost	\$ (30,047,840)	\$ -	\$ -	\$ (30,047,840)	\$ -
Net assets transferred (to) from affiliates	(237,620)	-	(29,276,982)	27,625,940	821,678
Net assets released from restrictions used for capital purposes	180,759	-	-	12,188	117,355
	<u>(30,154,701)</u>	<u>-</u>	<u>(29,276,982)</u>	<u>(2,409,712)</u>	<u>51,216</u>
	<u>\$ 6,304,711</u>	<u>\$ -</u>	<u>\$ (31,668,751)</u>	<u>\$ 27,276,692</u>	<u>\$ 592,960</u>
Increase (decrease) in unrestricted net assets					